

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Frontier Communications)
Northwest Inc.'s Petition to be Regulated)
as a Competitive Telecommunications)
Company Pursuant to RCW 80.26.320)

Docket No. UT-121994

JOINT NARRATIVE OF FRONTIER AND
DEPARTMENT OF DEFENSE AND ALL OTHER FEDERAL EXECUTIVE AGENCIES
SUPPORTING SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Pursuant to WAC 480-07-740(2), this Joint Narrative Supporting Settlement Agreement (“Narrative”) summarizes the Settlement Agreement (“Settlement Agreement” or “Agreement”) that has been reached between Frontier Communications Northwest, Inc. (“Frontier”) and the U.S. Department of Defense and All Other Federal Executive Agencies (“DoD/FEA”) and is being filed concurrently with this Narrative. It is not intended to modify any terms of the Settlement Agreement. The Settlement Agreement is attached to this Joint Narrative as Attachment A.
2. WAC 480-07-740(2) requires that when filing a proposed settlement agreement, “parties must also file supporting documentation sufficient to demonstrate to the commission that the proposal is consistent with law and the public interest and that it is appropriate for adoption.” WAC 480-07-740(2)(a) states that the supporting documentation should include a narrative outlining: (i) the scope of the underlying dispute; (ii) the scope of the settlement and its principal aspects, (iii) a statement of parties’ views about why the

proposal satisfies both their interests and the public interest, and (iv) a summary of legal points that bear on the proposed settlement.

3. The Parties to the Settlement Agreement are Frontier and DoD/FEA. The Parties agree that the Settlement Agreement is in the public interest. The Parties understand that the Settlement Agreement is subject to Commission approval.
4. This document represents the joint narrative of Frontier and DoD/FEA in support of the Agreement. In addition to this joint narrative, Frontier and DoD/FEA are separately filing testimony in support of the Settlement Agreement. Frontier and DoD/FEA are asking the Commission to adopt the Agreement in its entirety without modification so that it can be implemented on July 1, 2013.

II. DISCUSSION

Scope of Underlying Dispute

5. This docket concerns a Petition by Frontier to be classified as a competitive telecommunications provider pursuant to RCW 80.36.320. On December 21, 2012, Frontier filed a petition (“the Petition”) with the Washington Utilities and Transportation Commission (“Commission”) to be classified as a competitive provider pursuant to RCW 80.36.320. On January 23, 2013, Frontier filed an amended petition in the proceeding. On February 7, 2013, DoD/FEA filed a petition to intervene, which was granted on February 15, 2013. Frontier submitted testimony in support of the Petition on February 28, 2013. DoD/FEA submitted testimony on April 25, 2013, which raised a number of issues in connection with the Petition.
6. DoD/FEA is a large business customer of Frontier in Washington. The primary concern of DoD/FEA, as explained in its pre-filed testimony, is that there is not sufficient

competition for the business local services DoD/FEA purchases from Frontier in Washington. According to DoD/FEA, if the Commission granted Frontier's Petition (as filed), DoD/FEA could face higher prices, less favorable terms and conditions, and/or a lack of availability for business local services in Frontier's operating territory in the state.

Scope of Settlement and Principal Aspects

7. **Scope of Settlement.** The Settlement Agreement covers four areas: (i) administrative provisions; (ii) service availability; (iii) rates, terms and conditions; and (iv) general provisions.
8. **Administrative Provisions.** After a section on background on the settlement, fourteen (14) sections in the Settlement Agreement address the administration of the Agreement and cover the following topics:
 - **Nature of Agreement:** defines the Agreement as a "Multiparty Settlement" under WAC 480-07-730(3) that is subject to Commission approval and potential opposition by other parties, and confirms the Parties' agreement that the Settlement Agreement (including the substantive provisions in Attachment 1 to the Agreement) is in the public interest and resolves all contested issues in this docket as between Frontier and DoD/FEA;
 - **Positions Are Not Conceded:** states that neither Frontier nor DoD/FEA accede to any particular argument made by the other Party;
 - **Agreement Subject to Commission Approval:** sets forth the Parties' understanding and agreement that the Agreement does not bind the Commission in ruling on Docket No. UT-121994 until such time as the Commission approves the Agreement;
 - **Agreed Conditions on Approval of the Transaction:** explains that the agreed-upon conditions in Attachment 1 to the Agreement will apply for a five (5) year period following July 1, 2013, unless otherwise specifically noted in Attachment 1;
 - **Effective Date:** explains that the effective date of the Agreement is the date the Agreement is approved (without change¹) by Commission order, except that the

¹ The Agreement states that in the event the Commission accepts the Agreement upon conditions not proposed in the Settlement Agreement, the procedures in Section K of the Agreement entitled "Procedure if the Commission Provides Less Than Full Approval" will apply. If the Commission rejected the Agreement, the Agreement shall terminate, and the parties request that the Commission enter an order on all contested issues.

provisions related to the Parties' obligations to support the Agreement before the Commission and govern publicity about the Agreement are effective upon the execution date of the Agreement (which is the date of the latest signature);

- Filing of the Agreement: describes the procedure for filing the Agreement and supporting testimony with the Commission;
- Agreement Approval Procedures: explains the Parties' understanding that the Commission has discretion to determine the appropriate procedures for determining whether it will approve the Agreement, and sets forth the Parties' recommendation for the Commission to approve the Settlement;
- Support of the Agreement: sets forth the Parties' agreement to use best efforts to support the Agreement, including at a minimum to: sponsor witnesses at hearing, provide other evidence or briefing as necessary, and avoid engaging in advocacy contrary to the Agreement;
- Publicity: describes the Parties' agreement to allow the other Party the opportunity to review and request changes in advance of publication any and all announcements or news releases that a Party intends to make about the Agreement, and to include in any announcement that the Agreement is subject to Commission approval;
- Procedure if the Commission Provides Less Than Full Approval: sets forth the process to be followed by the Parties if the Commission approves the Settlement with conditions not proposed by the Parties, including the right by either Party to provide written notice to the Commission and other parties within five (5) business days of the Commission's Order rejecting the conditions and withdrawing the Agreement and requesting the Commission decide all contested issues;
- The Agreement As Precedent: explains that the Settlement Agreement is a compromise and does not constitute either Party's agreement with the other Party's legal or factual assertions, and that no conduct or documents exchanged during negotiations can be admissible as evidence in any proceeding (except to enforce this Agreement or the Commission order adopting this Agreement), and that no Party may use the Agreement as precedent on appropriateness of the positions of the Parties in any other proceeding;
- Entire Agreement: explains that the Settlement Agreement constitutes the Parties' entire agreement, superseding any and all prior understandings or agreements;
- Integrated Agreement: sets forth the Parties' recommendation that the Commission approve the Settlement Agreement with no material changes; and
- Manner of Execution: describes the procedure for executing the Agreement.

9. **Attachment 1 – Master Services Agreement.** Attachment 1 to the Settlement Agreement contains the substantive provisions providing safeguards to DoD/FEA.

Paragraph A of Attachment 1 describes the commercial individual case basis (“ICB”) - type Master Services Agreement (“MSA”) Volume and Term Plan, or the mechanism which provides the primary safeguards related to the availability, rates, terms and conditions related to the business serviced purchased by DoD/FEA from Frontier. At a high level, the Parties will execute the MSA immediately after the Commission issues its ruling on Frontier’s Petition, and the MSA will require Frontier to provide certain business services to DoD/FEA at rates, terms and conditions no higher or less advantageous than now existing for a five (5) year period. Paragraph A(5) of Attachment 1 states that the MSA shall be executed and take effect on July 1, 2013, with a five (5) year term, and will automatically renew for another one (1) year term unless either Party provides written notice of intent to terminate the MSA no less than 90 days prior to the expiration date of the then current term. Paragraph A(6) of Attachment 1 states that if Frontier is required to continue to comply with the ICB contract filing requirements included in the Washington Administrative Code, then Frontier will file the MSA as an ICB with the Commission with a proposed effective date of July 1, 2013.

10. **Service Availability.** Paragraph A(1) of Attachment 1 permits DoD/FEA entities to maintain and order additional services covered by the MSA during the MSA’s duration. This will ensure that the business services DoD/FEA currently purchases or will need over the next five years will be available if the Commission approves Frontier’s Petition. Paragraph A(2) of Attachment 1 states that the services covered by the MSA are “intrastate WUTC regulated business services purchased by DoD/FEA as of July 1, 2013” and sets forth a list of some of the tariffed intrastate services, such as Centrex, PBX, Special Access and private line, ISDN (PRI and BRI), Retail Flat and Measured

Rate Business Services (1FB and 1MB), Direct Inward Dial (“DIDs”), vertical features (e.g., call waiting, call forwarding, caller ID, and 3-way calling), foreign exchange service, and analog trunks. This paragraph also states that DoD/FEA can move, change, terminate or add MSA services, subject to applicable charges.

11. **Rates.** Paragraph (A)(3) of Attachment 1 states that the rates for MSA services will, for the duration of the MSA, be capped at the rates in Frontier’s intrastate tariffs effective as of January 1, 2013, or the actual rates applicable and billed to DoD/FEA as of July 1, 2013, whichever is lower. This paragraph also states that if, during the MSA’s duration, DoD/FEA identifies rates for MSA services that are higher than those listed in Frontier’s Tariffs, Service Catalogs, or Price Lists, then the rates for MSA services will be adjusted to the applicable lower rates going forward.
12. **Terms and Conditions.** Paragraph A(3) of Attachment 1 states that the terms and conditions for MSA services will, for the duration of the MSA, be those in Frontier’s tariff effective as of January 1, 2013, or those applicable to the present service offerings provided by Frontier to DoD/FEA as of July 1, 2013. This paragraph also states that if, during the MSA’s duration, DoD/FEA identifies terms or conditions for MSA services that are less advantageous than those listed in Frontier’s Tariffs, Service Catalogs, or Price Lists, then the terms or conditions for MSA services will be adjusted to the more advantageous terms and conditions going forward.
13. **Volume Commitment.** Paragraph A(4) of Attachment 1 sets forth a volume commitment by which the rates, terms and conditions required under the MSA will apply so long as DoD/FEA entities collectively maintain annual purchases of retail services from Frontier in Washington that are at least 85% of the annual purchases of retail

services in the state in the year preceding the MSA's effective date. This paragraph estimates this annual amount to be between \$1.5 million and \$2 million, and explains that the Parties will calculate a more precise annual amount once the MSA is executed. This paragraph also sets forth a process by which Frontier may determine whether the volume commitment has been met and, if not, notify DoD/FEA and potentially take action to terminate or renegotiate the MSA if over a one hundred eighty (80) day period the eighty-five percent (85%) threshold is not met.

14. **General Provisions.** Paragraphs B, C, D and E contain general provisions not directly related to the MSA safeguards. Paragraph B is entitled "Tariff Availability Commitment" and states that if Frontier withdraws its Washington intrastate tariffs for business services, it will retain copies of the tariffs it had in effect immediately prior to detariffing and make these tariff documents available electronically to DoD/FEA upon request. Paragraph C is entitled "Notice" and indicates the contact(s) within DoD/FEA that must be provided any notice required by the Settlement Agreement. Paragraph D is entitled "No Restrictions on Competition" and clarifies that nothing in the Settlement Agreement is intended to prevent Frontier or alternative providers from competing for the business services DoD/FEA purchases in Washington. Paragraph E is entitled "Relationship to Other Settlements" and states that the Settlement Agreement between Frontier and DoD/FEA is not impacted by and is independent of any other settlement(s) between Frontier and any other entity.

Why the Settlement Agreement Satisfies Both Parties' Interests and the Public Interest

15. From DoD/FEA's perspective, the Settlement Agreement resolves DoD/FEA's concerns with Frontier's Petition because it provides safeguards that preserves, at a minimum, the status quo with respect to the availability, rates, terms and conditions for the business services DoD/FEA purchases in Washington. If there is not "effective competition" for business services purchased by DoD/FEA in Frontier's Washington service area, as DoD/FEA contended in its testimony, these safeguards will provide the same type of protections that competition (regulatory oversight) would otherwise provide. These safeguards would not exist but for the Settlement Agreement. In addition, if "effective competition" does result in Frontier lowering prices or offering more advantageous terms or conditions for business services purchased by DoD/FEA during the MSA's duration, DoD/FEA will be able to avail itself of those lower prices or more advantageous terms and conditions – thereby bringing the benefits of competition to DoD/FEA entities. In addition to providing safeguards related to availability, rates, terms and conditions, the Settlement Agreement requires Frontier to maintain and provide upon request copies of the tariffs it had on file with the Commission in case it detariffs the types of business services purchased by DoD/FEA. This will allow DoD/FEA the ability to compare rates, terms and conditions for business offerings Frontier moves to product catalogs/service guides to the rates, terms and conditions for these same services when they were regulated by the Commission via tariff.
16. From Frontier's perspective, the Settlement would permit Frontier to detariff business services it provides to DoD/FEA but provides assurances that services could continue to be purchased by DoD/FEA under the rates, terms, and conditions contained in Frontier's

tariff as of January 1, 2013, at the rates actually being billed on July 1, 2013, or at the currently applicable catalogue/price list rates, terms, and conditions. The Agreement provides benefits of price stability to one of Frontier's largest customers, the DoD/FEA. The Agreement provides a level of stability for Frontier in its efforts to retain one of its largest customers, positioning Frontier to continue investment in infrastructure that benefits all of Frontier's customers, both retail and wholesale. Finally, the Agreement provides Frontier with greater regulatory certainty, and conserves time and resources that would be required to fully litigate these issues.

17. The Settlement Agreement is in the public interest because it fairly balances Frontier's desire for additional regulatory flexibility with the need to protect DoD/FEA and similarly situated customers that seek to enter into the same ICB volume purchase arrangement, which may still rely on Frontier's services in the State of Washington. It also provides a degree of certainty for Frontier related to its local exchange service revenues as well as certainty for DoD/FEA about what services will be available and at what rates, terms and conditions – while not discouraging competition from any alternative provider that may want to provide business services to DoD/FEA in competition with Frontier in the future. The Settlement Agreement also avoids trial risks and conserves resources--time, effort and costs of litigation--for the Parties as well as the Commission.

Summary of Legal Points That Bear On the Proposed Settlement

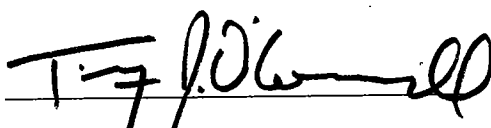
18. Frontier has asked the Commission to classify the Company as "competitive" telecommunications provider in accordance with RCW 80.36.320. In the current telecommunications environment, Frontier has an incentive to offer and enter into volume

and term arrangements with its largest customers to encourage them to purchase Frontier services. Customers such as the DoD/FEA also have an incentive to agree to certain purchase level commitments to ensure future rate and service stability.

III. CONCLUSION

19. The Settlement Agreement resolves all contested issues in this docket as between Frontier and DoD/FEA, is in the public interest, and should be fully and expeditiously approved by the Commission so that the Settlement Agreement can be implemented on July 1, 2013.

Respectfully submitted and dated this 17th day of May, 2013.

<p>Frontier Communications Northwest, Inc.</p> <p>By: </p> <p>Timothy J. O'Connell Stoel Rives, LLP One Union Square 600 University St., 36th Floor Seattle, WA 98101 Phone: (206) 386-7562 Fax: (206) 386-7500 e-mail: tjoconnell@stoel.com</p>	<p>U.S. Department of Defense and All Other Federal Executive Agencies</p> <p>By: <i>SMM by telephone authorization to TJOC 5/17/2013</i> Stephen S. Melnikoff General Attorney Regulatory Law Office (JALS-RL) U.S. Army Legal Services Agency 9275 Gunston Road Suite 1300 Fort Belvoir, VA 22060 Telephone: (703) 614-3918 Fax: (703) 808-0123 stephen.s.melnikoff.civ@mail.mil</p>
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ATTACHMENT A

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of Frontier Communications
Northwest Inc.'s Petition to be Regulated
as a Competitive Telecommunications
Company Pursuant to RCW 80.36.320

Docket No. UT-121994

SETTLEMENT AGREEMENT

1 This Agreement ("Agreement") is entered into between Frontier Communications Northwest Inc. ("Frontier") and the U.S. Department of Defense and All Other Federal Executive Agencies ("DoD/FEA") (collectively "Parties" or individually a "Party").

A. Background

2 This docket concerns a Petition by Frontier to be classified as a competitive telecommunications provider pursuant to RCW 80.36.320. On December 21, 2012 Frontier filed a petition ("the Petition") with the Washington Utilities and Transportation Commission ("Commission") to be classified as a competitive provider pursuant to RCW 80.36.320. On January 23, 2013, Frontier filed an amended petition in the proceeding. On February 7, 2013, DoD/FEA filed a petition to intervene, which was granted on February 15, 2013. Frontier submitted testimony on February 28, 2013, and DoD/FEA submitted testimony on April 25, 2013. In its testimony, DoD/FEA raised a number of issues in connection with Frontier's Petition. DoD/FEA and Frontier engaged in settlement discussions to address DoD/FEA's issues and now enter voluntarily into this Agreement to resolve all contested issues between the Parties in the proceeding.

B. Nature of Agreement

3 This Agreement is a "Multiparty Settlement" within the meaning of WAC 480-07-730(3), and the Parties agree that the Agreement is in the public interest and should be accepted in resolution

of all issues in this docket as between Frontier and DoD/FEA. The Parties understand that this Agreement is subject to Commission approval and that any parties opposed to the Commission's adoption of this proposed settlement retain certain rights under WAC 480-07-740(2)(c). The Parties further understand that DoD/FEA has agreed to the terms of this Agreement based upon the substantive provisions included in Attachment 1 to this Agreement.

C. Positions Are Not Conceded

4 In reaching this Agreement, no Party accedes to any particular argument made by any other Party.

D. Agreement Subject to Commission Approval.

5 The Parties understand and agree that this Agreement in no manner binds the Commission in ruling on the pending proceeding until such a time as the Commission approves the Agreement. The Agreement is expressly subject to Commission approval except for Sections I and J below.

E. Agreed Conditions on Approval of the Transaction

6 The conditions agreed upon by the Parties are set forth in Attachment 1 to this Agreement. All conditions in Attachment 1 apply for five (5) years following July 1, 2013, unless otherwise specifically noted in the condition in Attachment 1.

F. Effective Date

7 The effective date of the Agreement is the date the Agreement is approved, without change, by Commission order. Notwithstanding the effective date of the Agreement as a whole, Sections I and J below, which require the Parties to support the Agreement before the Commission and govern publicity regarding the Agreement, are effective on the execution date of the Agreement. The execution date of the Agreement is the date of the latest signature.

8 If the Commission rejects the Agreement, the Agreement shall terminate, and the parties respectfully request that the Commission will instead enter an order on all contested issues. In the event the Commission accepts the Agreement upon conditions not proposed herein, the procedures set forth in Section K below shall apply.

G. Filing of the Agreement

9 The Parties agree to use the following procedures to seek Commission approval of the Agreement. Frontier will file this Agreement with the Commission on behalf of the Parties and the Parties will simultaneously file written testimony in support of the Agreement. The transmittal letter will recommend that the Commission accept this Agreement as the complete and final resolution of all issues raised by DoD/FEA in this proceeding.

H. Agreement Approval Procedures

10 The Parties understand the Commission has discretion, consistent with applicable law, to determine the appropriate procedures for determining whether it will approve this Agreement. Pursuant to WAC 480-07-740, the Parties urge the Commission to approve the settlement.

I. Support of the Agreement

11 The Parties agree to use their best efforts to support the Agreement as a settlement of all their contested issues in the pending proceeding. At a minimum, the Parties will provide supporting witnesses to sponsor the Agreement at a Commission hearing and recommend that the Commission issue an order adopting this Agreement as the resolution of their contested issues in this proceeding and to provide such other evidence or briefing that the Commission may require pursuant to WAC 480-07-740(2). No Party to this Agreement or their agents, employees, consultants or attorneys will engage in any advocacy contrary to the Commission's prompt

consideration of this Agreement or support any other party's opposition to this Agreement before the Commission or otherwise.

J. Publicity

12 All Parties agree: (1) to provide the other Party the right to review in advance of publication any and all announcements or news releases that the Party intends to make about the Agreement (with the right of review to include a reasonable opportunity to request changes to the text of such announcements) and (2) to include in any news release or announcement a statement that the Agreement is subject to Commission approval.

K. Procedure if the Commission Provides Less Than Full Approval

13 In the event the Commission rejects or alters this Agreement, the Parties propose that the Commission decide all their contested issues. In the event the Commission accepts the Agreement upon conditions not proposed herein, each Party reserves its right, upon written notice to the Commission and the parties within five (5) business days of the Commission's Order, to state its rejection of the conditions and withdrawal from the Agreement with the effect of respectfully requesting the Commission decide all contested issues as provided above.

L. The Agreement as Precedent

14 The Parties have entered into this Agreement to avoid further expense, inconvenience, uncertainty and delay. Nothing in this Agreement (or any testimony, presentation or briefing supporting the Agreement) shall be asserted or deemed to mean that a Party agreed with or adopted another Party's legal or factual assertions in this proceeding.

15 Because this Agreement represents a compromise position of the Parties in this Commission's proceeding, the Parties agree that no conduct, statements or documents disclosed in the

negotiation of the Agreement shall be admissible as evidence in this or any other proceeding.

This paragraph does not apply to non-privileged, publicly available documents.

- 16 Furthermore, because this Agreement represents a compromise position of the Parties in this Commission's proceeding, no Party may use this Agreement or the supporting testimonies or supporting pleadings and briefs of the other Party in this proceeding as precedent on the appropriateness of the positions of that other Party in any other proceeding. The limitations in this paragraph shall not apply to any proceeding to enforce the terms of this Agreement or any Commission order adopting this Agreement in full.

M. Entire Agreement

- 17 The Parties acknowledge that this Agreement is the product of negotiations and compromise and shall not be construed against any Party on the basis that it was the drafter of any or all portions of this Agreement. This Agreement constitutes the Parties' entire agreement on all matters set forth herein, and it supersedes any and all prior oral and written understandings or agreements on such matters that previously existed or occurred in this proceeding, and no such prior understanding or agreement or related representations shall be relied upon by the Parties.

N. Integrated Agreement


- 18 The Parties recommend that the Commission approve this Agreement with no material changes. The Parties have agreed to this Agreement as an integrated document.

O. Manner of Execution

- 19 This Agreement is considered executed when all Parties sign the Agreement. A designated and authorized representative may sign the Agreement on a Party's behalf. The Parties may execute this Agreement in counterparts. If the Agreement is executed in counterparts, all counterparts

shall constitute one agreement. A faxed signature page containing the signature of a Party is acceptable as an original signature page signed by that Party. Each Party shall indicate the date of its signature on the Agreement.

U.S. DEPARTMENT OF DEFENSE AND ALL OTHER FEDERAL EXECUTIVE AGENCIES


Stephen S. Melnikoff
Attorney for DoD/FEA

May 14, 2013
Date

FRONTIER COMMUNICATIONS NORTHWEST INC.

Date

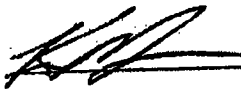
shall constitute one agreement. A faxed signature page containing the signature of a Party is acceptable as an original signature page signed by that Party. Each Party shall indicate the date of its signature on the Agreement.

U.S. DEPARTMENT OF DEFENSE AND ALL OTHER FEDERAL EXECUTIVE AGENCIES

Stephen S. Melnikoff
Attorney for DoD/FEA

Date

FRONTIER COMMUNICATIONS NORTHWEST INC.

 _____

May 14, 2013
Date

ATTACHMENT 1

A. Master Service Arrangement ("MSA") Volume and Term Plan: Immediately after the Washington Utilities and Transportation Commission ("WUTC") issues its ruling on Frontier's Petition in this proceeding, Frontier and DoD/FEA will execute a commercial individual case basis ("ICB") - type MSA pursuant to which Frontier will provide certain services in its Washington operating territory to the DoD/FEA for a period of five (5) years at rates, terms and conditions that shall be no higher or less advantageous than now existing and subject to the following terms:

1. All DoD and FEA United States government entities will be allowed to maintain or order additional services covered under the MSA.
2. Services to be provided pursuant to the MSA are limited to Frontier's intrastate WUTC regulated business services purchased by DoD/FEA as of July 1, 2013. These include, but are not necessarily limited to, the following: Centrex, PBX, Special Access and private line, ISDN (PRI and BRI), Retail Flat and Measured Rate Business Services (1FB and 1MB), Direct Inward Dial (DIDs), vertical features (e.g., call waiting, call forwarding, caller ID, and 3-way calling), foreign exchange service, and analog trunks, ("MSA Services"). DoD/FEA customer entities may move, change, terminate or add MSA services and DoD/FEA agrees to pay all standard applicable charges related to such changes. To the extent DoD/FEA customer entities are purchasing other categories of Washington intrastate WUTC regulated business services as of the effective date of this Settlement Agreement (*i.e.*, the date the Settlement Agreement is approved, either without change or with modification accepted by both Parties, by Commission order) those services will be included as MSA Services.
3. The initial MSA Services rates that will apply will be capped at the rates for the specific MSA Services reflected in Frontier's intrastate tariffs on file with the WUTC and effective as of January 1, 2013 or the actual services rates applicable and billed as of July 1, 2013 to DoD/FEA for each of those specific MSA Services, whichever is lower. The initial associated terms and conditions for the MSA Services will be those likewise in effect either as of those January 1, 2013 tariffs or those applicable to the actual present specific services provided by Frontier to DoD/FEA as of July 1, 2013. If during the MSA's duration any rates, terms or conditions for services covered under the MSA are identified by DoD/FEA as higher or less advantageous than those listed in the applicable Tariffs, Service Catalogs, or Price Lists, then those MSA rates, terms and conditions shall be adjusted going forward to reflect the applicable lower or more advantageous rates, terms or conditions.
4. The rates, terms and conditions identified in paragraph 3 above and the MSA will remain in effect as long as the DoD and FEA United States government entities collectively maintain Washington total service levels that result in Washington total annual direct retail service billings by Frontier that are at least eighty-five percent (85%) of the Washington total annual direct retail service billings by Frontier for the year preceding the effective date of the MSA (*i.e.*, July 1, 2013). As of the date of this Settlement, Washington total annual direct retail service billings from Frontier to DoD/FEA is estimated at between \$1.5 million and \$2 million. A more precise and updated figure

will be calculated by DoD/FEA and Frontier, and utilized when the MSA is executed on July 1, 2013. Within sixty (60) days after the end of each anniversary year (e.g., July 1, 2014) of the MSA's effective date, Frontier may notify DoD/FEA in writing if the purchase commitment has not been satisfied. If, after notice from Frontier, the Washington total annual direct retail service billings remain below the eighty-five percent (85%) level for one hundred eighty (180) days, then Frontier may, at its option, either terminate the MSA or negotiate different rates, terms and conditions for the MSA Services.

5. The MSA shall be executed and take effect July 1, 2013, with a five year term. At the end of the term, the MSA will automatically renew for another one year unless either party provides written notice of intent to terminate no less than 90 days prior to the expiration of the then current term.
6. To the extent the WUTC declines to grant Frontier's Petition to be classified as a competitive telecommunications provider or declines to classify as competitive any of the business services included in this MSA or Frontier is otherwise required to continue to comply with the WAC ICB filing requirements, Frontier will file with the WUTC the MSA for the MSA services impacted thereby as an ICB available to DoD/FEA with a proposed effective date of July 1, 2013.

B. Tariff Availability Commitments: In the event that a Frontier regulated retail local exchange business service that is currently provided by Frontier to DoD/FEA in Washington is declared "competitive" or deregulated and Frontier withdraws the tariff for the service during the duration of the MSA, Frontier agrees to retain a copy of the tariff that was in effect immediately preceding any detariffing or deregulation and will make that tariff available to DoD/FEA for review electronically upon request. This commitment will remain in place for the duration of the MSA.

C. Notice: To the extent that notice to DoD/FEA is required under the provisions of this Settlement Agreement, such notice should be made to: Chief, U.S. Army Legal Services Agency (JALS-RL/IP), 9275 Gunston Road, Fort Belvoir, Virginia 22060-5546; as well as to the applicable procurement officers of the individual DoD/FEA customer entities involved as appropriate.

D. No Restrictions on Competition: Nothing in this Settlement Agreement is intended to prevent either Frontier or potential alternative providers of local exchange services in Washington from aggressively and fairly competing (e.g., offering lower prices or more favorable terms and conditions) to be providers of the intrastate local exchange business services which DoD/FEA procures in Washington.

E. Relationship to Other Settlements: This Settlement Agreement is not impacted by and is independent of any other settlement(s), present or future, between Frontier and any other party(ies) in this proceeding unless expressly agreed to by both Parties in writing.